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# PMIA Statutes

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## **16430 Eligible securities for investment of surplus moneys**

Eligible securities for the investment of surplus moneys shall be any of the following:

- (a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States.
- (c) Bonds and notes of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.
- (d) Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the state, municipal utility district, or school district of this state.
- (e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, in debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, in bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, in stock, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, and in the bonds of any federal home loan bank established under that act, obligations of the Federal Home Loan Mortgage Corporation, in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act as amended, and bonds, notes, and other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act as amended.
- (f) (1) Commercial paper of “prime” quality as defined by a nationally recognized organization that rates these securities. Eligible paper is further limited to issuing corporations or trusts approved by the Pooled Money Investment Board that meet the conditions in either subparagraph (A) or subparagraph (B):
  - (A) Both of the following:
    - (i) Organized and operating within the United States.
    - (ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

- (B) Both of the following:
  - (i) Organized within the United States as special purpose corporation or trust.
  - (ii) Having programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
- (2) Purchases of eligible commercial paper may not exceed 180 days' maturity, represent more than 10 percent of the outstanding paper of an issuing corporation or trust, nor exceed 30 percent of the resources of an investment program. At the request of the Pooled Money Investment Board, this investment shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment.
- (g) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System.
- (h) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits do not come within the provisions of Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).
- (i) The portion of bank loans and obligations guaranteed by the United States Small Business Administration, or the United States Farmers Home Administration.
- (j) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.
- (k) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec.1001 and following) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).
- (l) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico.
- (m) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall be within the top three ratings of a nationally recognized rating service.

## **Chapter 3**

### **INVESTMENTS**

#### **Article 4.5**

#### **TREASURY POOLED MONEY INVESTMENTS**

##### **16480.4 Securities eligible for investment; sale, exchange or repurchase**

- (a) Amounts available for investment under this article may be invested and reinvested by the State Treasurer in any securities described in Sections 16430, of this code or in loans to the General Fund as provided in Section 16310 of this code. Such securities may be sold by the State Treasury or exchanged by him for other securities of the kind authorized to be purchased hereunder, if, in his discretion, such sale or exchange appears to be in the best interests of the state. The State Treasurer may enter into repurchase agreements or reverse repurchase agreements of any securities described in Section 16430.
- (b) The State Treasurer may hire or engage the services of an investment analyst to assist in such investment decisions.
- (c) For purposes of this section, the term “repurchase agreement” means a purchase of securities by the State Treasurer pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount.
- (d) For purposes of this section, the term “reverse repurchase agreement” means a sale of securities by the State Treasurer pursuant to an agreement by which the State Treasurer will repurchase such securities on or before a specified date and for a specified amount.